

*FY 97 thru FY 2000*  
***Recent Multifamily Production Trends***

This paper briefly describes the fiscal year, program, activity, lender, and geographic mix of multifamily loans *initially* endorsed in FY 97 thru FY 2000. All data is based upon *initial* endorsements as recorded in HUD's Multifamily Insurance System (F47). The paper covers Basic FHA programs and Risk Sharing. (Insurance for hospitals and 202/811 capital advances are not covered.)

Use the links below to quickly jump to the production areas of interest to you.

**All Basic FHA**

by [FY](#)

by [Activity](#) (*new construction, refi, etc.*)

by [Program Category](#) (Click [here](#) for a description of categories.)

by [Lender](#)      Multifamily [HUB](#)      [State](#)

**New Construction**

[Only Apartments](#)

[Apartments & Health Care](#)

**Refinancing**

[Only 223f Apartments](#)

[Apartments & Health Care](#)

**232 Health Care** (*nursing, assisted living, board & care*)

by [Facility](#)

[Activity](#)

[State](#)

**Risk Sharing**

*FY 97 thru FY 2000*  
**Basic FHA Trends ... by Fiscal Year, Activity & Program**

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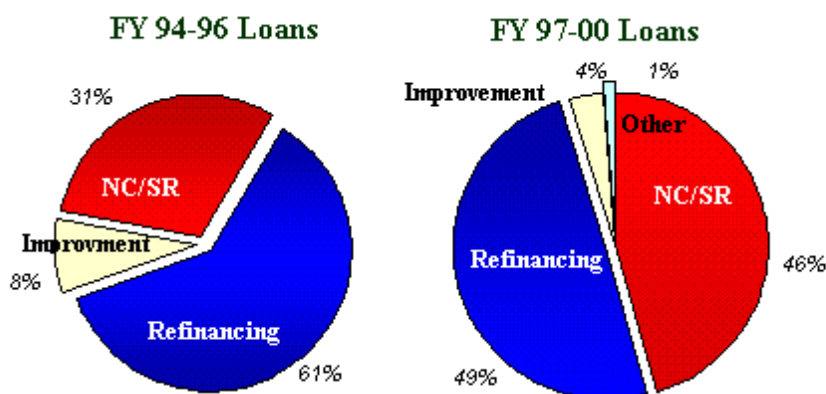
During FY 97 through FY 2000, FHA provided **\$15.01 billion** in Basic FHA insurance on **2,333 loans** for the construction, repair, refinancing or purchase of **332,140 units**. **154 lenders** originated these loans. These loans are scattered over **49 states** (*none in West Virginia*) and the District of Columbia. The projects associated with these loans provide a variety of shelter options: 1,692 apartments/ coops projects; 260 assisted living/ board & care facilities; and 381 nursing homes.

**Table 1: Basic FHA by FY**

	FY 97	FY 98	FY 99	FY 00	Total
# Loans	636	626	581	490	2,333
# Units	101,725	83,985	78,501	67,929	332,140
\$\$ (billions)	\$4.07	\$3.86	\$3.77	\$3.31	\$15.01

- a. **Basic FHA by FY:** Basic FHA production reached an all time high in FY 97 with FHA initially endorsing \$4.1 billion on 636 loans providing 101,725 units. In FY 98 and 99, production remained strong & above pre-97 levels but dipped just slightly to 626 and 581 loans. While 232 Health care endorsements increased in FY 2000, overall Basic FHA production declined in FY 2000 falling by 16% to 490 loans. Two factors contributed to this decline. First, 223f refinancings dropped significantly as market demand for refinancings slowed. Secondly, the lack of credit subsidy precluded about 20 new construction/ substantial rehab loans from closing in FY 2000. Credit subsidy became scarce by July, much earlier than it usually does. **Note:** The Multifamily Accelerated Processing, launched in late FY 2000, already has increased applications significantly and should push up production in FY 2001.

**Basic FHA Business is Changing ...**



- b. **Basic FHA by Activity** (*refi, new construction, etc.*) **Across Program Categories:** Activity mix has changed significantly since FY 96. For FY 94-96, refinancing /purchases accounted for about 60% and new construction/ substantial rehab about 30% of Basic FHA loans endorsed. For FY 97-00, these shares were 49% and 46%, respectively. Section 241a physical

improvements/additions and two year operating loss loans accounted for the remaining 5% of FY 97-00 activity.

**Table 2: Basic FHA by Activity (# loans)**

	FY 97	FY 98	FY 99	FY 00
New Const/Sub Rehab	249	300	283	232
Refinance/Purchase	355	301	266	231
Improvements	22	19	23	21
Other **	10	6	9	6
<b>Total</b>	<b>636</b>	<b>626</b>	<b>581</b>	<b>490</b>

\*\* operating loss, mobile home park

- 1) *New construction/ substantial rehab production* increased from 195 projects in FY 96 to 249 projects in FY 97 (a 27% jump) and remained strong through FY 2000. 232 projects were endorsed in FY 2000. Both apartments and assisted living facilities contributed significantly to the increase in new construction activities. Apartments/ coops accounted for 70% of the FY 97-00 new construction/ substantial rehab loans. Assisted Living and Board & Care contributed 17% and nursing homes 12%

**Table 3: New Construction/ Sub Rehab Activity (# loans)**

	FY 96	FY 97	FY 98	FY 99	FY 00
Apartments & Coops	110	161	212	210	165
ALFs / Board & Care	42	55	56	41	33
Nursing Homes	43	33	29	32	30
Mobile Home Parks			3		4
<b>Total</b>	<b>195</b>	<b>249</b>	<b>300</b>	<b>283</b>	<b>232</b>

- 2) While FY 97's 355 *refinancing* exceeded FY 96 levels, refinancing fell each year for FY 98-00 ... from 301, to 266, to 231 in FY 2000. FY 2000's refinancing volume was the lowest level reported in the last eight years. While 223a7 apartment refinancing increased in FY 97-00, overall refinancing activity declined as 223f refinancing for both nursing homes and apartments dropped sharply. 223f apartment refinancing declined each year, from 231 loans in FY 97 to 77 loans in FY 2000. Nursing Home 223f refinancing dropped from 78 loans in FY 97 to 41 in FY 99, but picked up to 62 loans in FY 2000.

**Table 4: Refinancing Activity (# loans)**

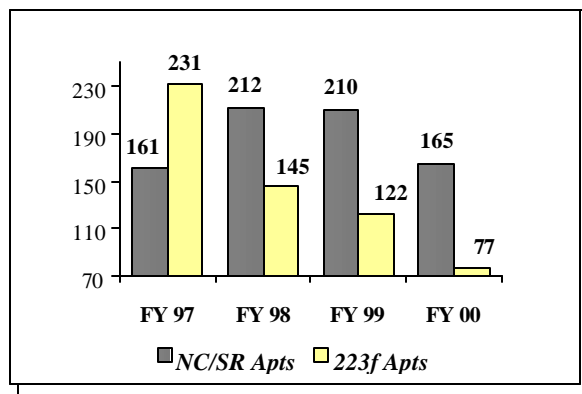
	FY 97	FY 98	FY 99	FY 00
223f Apartments/ Coops	231	145	122	77
a7 Apartments/ Coops	40	90	81	66
ALFs / Board & Care	4	20	12	24
223f Nursing	78	39	41	62
a7 Nursing	2	7	10	2
<b>Total</b>	<b>355</b>	<b>301</b>	<b>266</b>	<b>231</b>

- c. **Basic FHA by Program Category:** The program mix of initial endorsements changed significantly between FY 97 and FY 2000.

**Table 5: Basic FHA by FY & Program Category (# loans)**

	FY 97	FY 98	FY 99	FY 00
New Const/Sub Rehab Apts	161	212	210	165
232 Health Care	180	157	145	159
223f Purchase/ Refi Apts	231	145	122	77
223a7 Refinanced Apts	40	90	81	66
241 Improvements	14	13	14	13
Other	10	9	9	10
<b>Total</b>	<b>636</b>	<b>626</b>	<b>581</b>	<b>490</b>

- 1) While 223f refinancing/ purchases of apartments have traditionally accounted for the highest share of Basic FHA loan & unit endorsements, *since FY 97 the new construction/ substantial rehab apartment programs have produced the largest portion of the Basic FHA loans.* For each year of FY 98 through FY 00, the new construction/ substantial rehab apartment programs produced about 35% of the loan, 43% of the unit and 55% of the dollar Basic FHA production. The decrease in 223f share resulted from both a drop in refinancings and a sharp increase in new construction/ substantial rehab of apartments.



- *New construction/ substantial rehab apartment endorsements* jumped dramatically since FY 96. Production increased from 110 projects in FY 96 to 161 in FY 97 -- a 43% increase. Production for each of FY 98 and 99 was about 210 loans, nearly double FY 96's production. In FY 2000, endorsement of new construction/ substantial rehab apartments dropped off slightly but remained strong at 165 loans. The reduced numbers are due in part to a lack of credit subsidy. About 20 additional projects could have closed in FY 2000 if credit subsidy had been available.

**Table 6: FHA New Construction/Sub Rehab Apartments**

	FY 97	FY 98	FY 99	FY 00
# Loans	161	212	210	165
# Units	28,614	35,207	33,601	29,987
\$\$ (millions)	\$1,549.80	\$2,108.10	\$2,142.80	\$1,847.40

- Since FY 97, **223f refinancing/ purchase of apartments** constituted only between 23% (FY 98) and 16% (FY 00) of the annual Basic FHA project production -- a significant decrease from the 52% to 37% annual shares 223f apartments held in FY 94 through FY 96. The reduction was due to a sharp drop in market demand for refinancings.

**Table 7: 223f Apartment Refinancings**

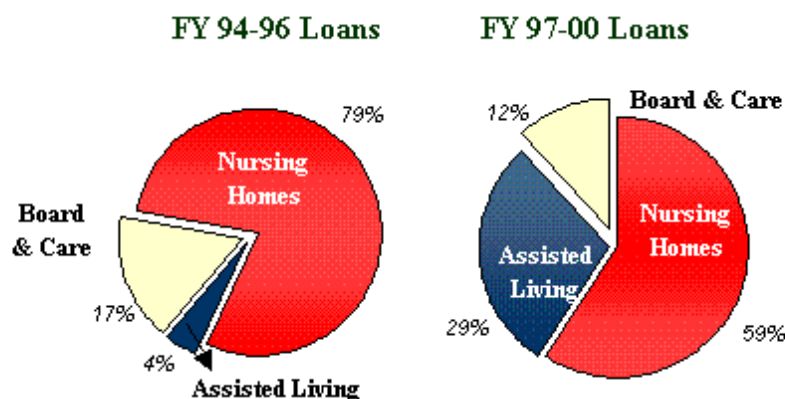
	FY 97	FY 98	FY 99	FY 00
# Loans	231	145	122	77
# Units	39,545	17,829	13,965	8,146
\$\$ (millions)	\$1,238.70	\$488.70	\$398.20	\$226.90

- 2) **For each of FY 97 through FY 00, 232 Health Care constituted the second largest share of Basic FHA loans endorsed.** 232 loans also held this position in FY 94-96 but 232 production levels for FY 97-00 were significantly higher than in FY 94-96. During FY 97-00, the 232 Health care programs produced an average of 160 loans/ FY and accounted for 28% of the total Basic FHA loans. For FY 94-96, 232 Health care programs averaged only 122 loans/ FY and accounted for 23% of the Basic FHA loans. 232 Health Care activity peaked in FY 97, then dipped slightly but remained strong through FY 2000. Both the **facility** mix and the **activity** mix of the 232 Health care production have changed significantly since FY 96.

**Table 8: 232 Health Care by Facility Type**

	FY 97	FY 98	FY 99	FY 00
Nursing Home	120	77	84	100
Assisted Living	37	54	43	49
Board & Care	23	26	18	10
<b>Total</b>	<b>180</b>	<b>157</b>	<b>145</b>	<b>159</b>

- **232 Facility Mix:** While nursing homes accounted for about 79% of the FY 94-96 232 health care loans, for FY 97-00 nursing homes annually accounted for between 49% and 67% of 232 health care activity. In FY 2000, nursing homes accounted for only 63% of 232 health care activity. The shift was due to changes in both nursing and assisted living activity.



- **Nursing Home** endorsements peaked in FY 97 at 120 loans, declined in FY 98 and 99 as refinancings dropped and then bounced back to 100 loans in FY 2000 as 223f refinancings picked up sharply.

**Table 9: Nursing Homes (# loans)**

	FY 97	FY 98	FY 99	FY 00
New Const/Sub Rehab	33	29	32	30
223f Refi/ Purchase	78	39	41	62
223a7 Refinance	2	7	10	2
241a Improvements	7	2	1	6
<b>Total</b>	<b>120</b>	<b>77</b>	<b>84</b>	<b>100</b>

- **Assisted Living:** Begun in FY 95, this program took hold in FY 97, peaked in FY 98 and remained strong through FY 2000. All activity through FY 97 was new construction, but 223f endorsements on assisted living facilities began in FY 98 and continue today. 49 assisted living facilities were initially endorsed in FY 2000.

**Table 10: Assisted Living Facilities**

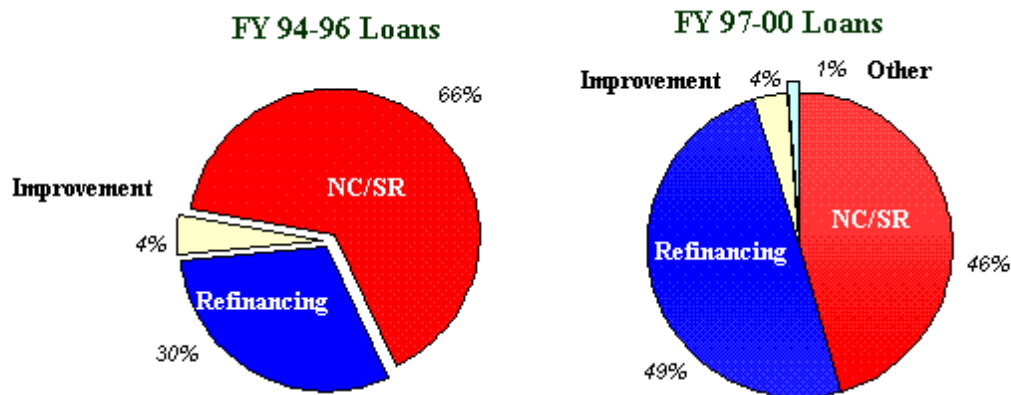
	FY 97	FY 98	FY 99	FY 00
# Loans	37	54	43	49
# Units	2,760	4,358	3,059	3,377
\$\$ (millions)	\$215.51	\$263.50	\$219.53	\$239.95

- **Board & Care:** Board & Care endorsements annually declined from FY 96's peak of 31 loans as developers opted for the newer assisted living program. In FY 2000, FHA endorsed only \$33 million for 10 board & care loans covering 804 units. Three were for new construction/ substantial rehab; seven were 223f loans.

**Table 11: Board & Care**

	FY 97	FY 98	FY 99	FY 00
# Loans	23	26	18	10
# Units	2,192	1,629	1,856	804
\$\$ (millions)	\$121.59	\$83.55	\$75.12	\$32.94

- **232 Activity Mix:** For FY 94-96, 66% of 232 Health Care endorsements were for new construction/ substantial rehab and 30% for refinancing/ purchase. For FY 97-00, these percentages were more balanced -- 46% new construction/ substantial rehab and 49% refinancing/ purchase. Nursing homes accounted for 40% of the new construction and 80% of the refinancing/ purchase. Assisted Living facilities accounted for 45% of new construction/ substantial rehab and 12% of refinancing/ purchase.



- The decrease in **232 Health Care new construction** activity was due mainly to a decline in nursing home construction. New construction/ substantial rehab of nursing homes declined steadily since FY 94 -- from 69 projects in FY 94, to 43 in FY 96, to 33 in FY 97 and 30 in FY 2000. New construction of Board & Care also dropped as Assisted Living construction took off.

**Table 12: Health Care New Construction Activity**

	FY 97	FY 98	FY 99	FY 00
Nursing Home	33	29	32	30
Assisted Living	36	39	33	30
Board & Care	19	17	8	3
<b>Total</b>	<b>88</b>	<b>85</b>	<b>73</b>	<b>63</b>

- **Refinancings of 232 Health Care** rose sharply in FY 97 with 84 loans and \$330.2 million endorsed and then dropped to 66 and 63 loans in FY 98 and FY 99. In FY 2000, refinancings climbed back up to a new high of 88 loans and \$410 million. 86 of these loans were processed under 223f; only two (both nursing homes) used 223(a)(7). All facility types contributed to the increase in 223f endorsements. In FY 2000, 223f endorsements on nursing homes increased from 41 to 62 while assisted living doubled to 17 loans and Board & Care doubled to seven 223f loans.

**Table 13: 232 Health Care Refinancing Activity**

	FY 97	FY 98	FY 99	FY 00
Nursing Home	80	46	51	64
Assisted Living		12	8	17
Board & Care	4	8	4	7
<b>Total</b>	<b>84</b>	<b>66</b>	<b>63</b>	<b>88</b>

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### *Basic FHA Trends ... by Lender, Multifamily HUB, and State*

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- a. **Basic FHA by Lender: 154 companies** originated the 1,689 loans endorsed FY 97-00. The number of lenders originating in each fiscal year ranged from 75 to 89. All counts below are for FY 97-00. The All Lenders report lists these 154 lenders and counts their originations by program category.
- 1) **87 lenders** made new construction/ substantial rehab apartment loans, **72** made 223f loans, and **77** made health care loans. Sixty of the 77 health care lenders made loans on nursing homes but only 48 made loans on assisted living facilities.
  - 2) The top two lenders, WMF Huntoon Paige & GMAC Commercial Mortgage, made 237 and 226 loans. Six lenders made over 100 loans and an additional five lenders made 53 to 85 loans. Only 21 lenders made more than 20 loans and 45 lenders made over 10 loans. 51 lenders made only one loan.
  - 3) The **top 20 lenders** originated about **72%** of all Basic FHA loans, unit & dollars endorsed. All but four of these top 20 lenders made loans in all/ most program categories. Three of these top lenders made only or primarily 232 health care loans. These top 20 lenders made **76%** of the loans for new construction/ substantial rehab apartments and **70%** of the loans for 232 health care facilities. The Top Lenders report provides additional detail on the program and fiscal year mix of loans made by these lenders.
- b. **Basic FHA by Multifamily HUB: HUB Table 1** counts Basic FHA endorsements for all program categories by FY and ranks HUB volumes for both FY 2000 and the entire 97-00 period using *number of loans* endorsed. HUB Table 2 provides ranks by *unit* and *dollars* as well as number of loans. The other HUB reports describe the program, activity, and facility mix of each HUB's endorsements.
- 1) **All 18 HUBs had production in all major program categories** (apartment new construction/ substantial rehab, apartment refinancings and 232 health care), but only 14 HUBs endorsed 241a loans for improvements or additions. Denver, Kansas City, Los Angeles and New York HUBs made no 241a loans.
  - 2) By all measures (*# loans, # units, \$\$*), **in every fiscal year the Fort Worth HUB produced significantly more than any other HUB** and it ranked among the top



producers in all major program categories. While Fort Worth production dropped off from FY 99 to FY 00, its output still exceeded that of all other HUBs.

- 3) ***Top producers of Basic FHA loans were Baltimore, Chicago, San Francisco, Boston, Greensboro and Minneapolis.*** All top producers had significant activity in all major program categories, but Boston & Chicago were more concentrated in 232 health care.
  - 4) FY 2000 production was significantly greater than annual production in earlier years for the Boston, Chicago, and New York HUBs.
- c. ***Basic FHA by State:*** During FY 97-00, Basic FHA loans were made in the District of Columbia and all states except West Virginia. [State Table 1](#) counts and ranks Basic FHA production based on *number of loans* in each state for FY 2000 and for all years FY 97-00. [State Table 2](#) provides additional rankings based on *units* and *dollars* endorsed.
- 1) ***Basic FHA Across Programs:*** For both FY 2000 and the period FY 97-00, Texas had the highest volume of Basic FHA loans endorsed. California, New York, Minnesota, Ohio, and Illinois followed.
  - 2) ***New Construction/Sub Rehab Apartments:*** Projects were located in 43 states and the District of Columbia. [State Table 7](#) lists states by their new construction apartment volume and shows production by fiscal year. In every year Texas far outpaced all other states, often producing three or more times the volume of the next highest state. For FY 97-00, Texas had 140 new construction / substantial rehab apartment loans endorsed. Minnesota followed with 49 loans. Arizona, South Carolina, Colorado, Ohio and Florida rounded out the top producers.
  - 3) ***223f Apartment Refinancing:*** [State Table 8](#) lists states by their 223f apartment refinancing volume and shows production by fiscal year. California had the highest FY 97-00 volume with 92 loans. Texas followed with 59 loans, Virginia with 38 and Minnesota with 36. Projects were located in 41 states and the District of Columbia.
  - 4) ***232 Health Care:*** Health care properties were located in 45 states.
    - ***Nursing home*** loans were made for 43 states and the District of Columbia. New construction/ substantial rehab loans were made in 30 states and the District with New York and Massachusetts having the highest concentrations at 35 and 13 loans. Nursing homes were refinanced in 39 states and the District with highest volumes in California (34 loans), Illinois (24 loans), Ohio (21 loans), and Michigan (15 loans). [Health Care Table 11](#) counts nursing home endorsements by state and activity (new construction, etc.).
    - Loans were endorsed on ***assisted living facilities*** in 37 states. 33 states had new construction/ substantial rehab loans and 18 states had refinancings. Virginia had the highest number of new construction loans at 12. Massachusetts, Ohio, South Carolina, Tennessee and Texas followed with 8 or 9 new construction/ sub rehab loans. California, Maine and Florida had the highest number of refinancings for assisted living facilities. [Health Care Table 12](#) counts assisted living endorsements by state and activity (new construction, etc.).

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## *Risk Sharing Trends*

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During FY 97 thru FY 2000 partnerships with FNMA & state and local housing agencies produced **308 loans covering 35,069 units**. FHA and these partners share the risk associated with the **\$1.4 billion** in mortgages endorsed on these projects. The [\*Risk Sharing reports\*](#) describe the state, fiscal year & program mix of these loans.

- a. **By FY:** Initiated in FY 95, risk sharing has expanded rapidly. In FY 2000, the risk sharing arrangements produced 84 projects with 8,124 units – 2.5 times the FY 96 production of 34 loans.

**Table 14: Risk Sharing Loans**

	<b>FY 97</b>	<b>FY 98</b>	<b>FY 99</b>	<b>FY 00</b>
<b># Loans</b>	64	77	83	84
<b># Units</b>	7,559	9,366	10,020	8,124
<b>\$\$ (millions)</b>	\$298.40	\$336.00	\$433.80	\$373.40

- b. **By Entity** (HFA or GSE): Risk Sharing with state/local housing agencies created 31,576 units and 281 (91%) of the 308 loans endorsed FY 97-00. 24 state agencies participated in these risk sharing arrangements. Risk Sharing with GSEs created 27 loans covering 3,493 units during the same period. Freddie made two of these 27 loans (one in each of FY 98 and 99). Fannie made the other 25 loans.
- c. **By State:** Risk Sharing properties were spread across 29 states and all 18 HUBs.
- HFAs making the highest number of risk sharing Section 542c loans were California (51), Colorado (35), Massachusetts (28), Florida (25) and Kentucky (24).
  - GSE activity was highest in Ohio and Oregon.